

**Financial Provisions of Mental Health Services Act (Act)**  
**Excerpts from the Welfare and Institutions Code (WIC)**

**1. Program and Expenditure Plans (Budgets)**

Sections 5847-5848:

- Each county mental health program has to prepare and submit a three-year plan and annual updates for each of the program components (initially on a phased-in basis).
- DMH established the requirements for the content of the plan.
- DMH has to inform the counties about the funds available.
- County mental health programs have to prepare expenditure annual updates that indicate the number of children, adults and older adults to be served and the cost per person. The annual update must identify any unspent funds from previous year and the proposed expenditure of those funds.
- DMH will evaluate the plans and determine the capacity to serve the proposed number of individuals, the extent to which there is an unmet need, and provide the County with an estimate of funding available.
- County shall identify a portion of funds held in reserve as a contingency in the event funds are not adequate to continue to serve the same number of individuals as the previous year.
- Each plan and update shall be developed with local stakeholders. Must be circulated for review and comment at least 30 days. Also subject to 30-day public comment period.

**2. Mental Health Services Fund/Use of Funds**

Sections 5890-5891:

- The Mental Health Services Fund is created in the State Treasury and will be administered by DMH.
- Does not modify the obligation of health care service plans and disability insurance policies to provide coverage for mental health services. Does not reduce authority or responsibilities of DMH.
- Counties shall place all funds received from the state Mental Health Services Fund in a local Mental Health Services Fund.
- Share of costs for services shall be determined in accordance with the Uniform Method for Determining Ability to Pay, or another approved method of determining co-payments.
- Funding from the Act shall be utilized to expand mental health services.

Financial Provisions of the Mental Health Services Act  
Excerpts from the Welfare and Institutions Code

- Funds shall not be used to supplant existing state or county funds utilized to provide mental health services.
- All expenditures for county mental health programs shall be consistent with a currently approved plan or update.
- Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county which have not been spent for their authorized purpose within three years shall revert to the state to be deposited into the Fund and available for other counties in future years. Funds for capital facilities, technological needs or education and training may be retained for up to ten years before reverting to the Fund.

Section 5892:

- See Summary of Estimated Funding Amounts by Mental Health Services Act.

Section 5897:

- DMH has to implement the mental health services provided by Act through contracts with county mental health programs or counties acting jointly. A contract may be exclusive and may be awarded on a geographic basis.

Prepared for Financing Workgroup,  
March 30, 2005